



Rep. Mary E. Flowers

**Filed: 3/25/2013**

09800HB0276ham001

LRB098 03156 JDS 43712 a

1 AMENDMENT TO HOUSE BILL 276

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 276 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Public Funds Investment Act is amended by  
5 changing Section 2.5 as follows:

6 (30 ILCS 235/2.5)

7 Sec. 2.5. Investment policy.

8 (a) Investment of public funds by a public agency shall be  
9 governed by a written investment policy adopted by the public  
10 agency. The level of detail and complexity of the investment  
11 policy shall be appropriate to the nature of the funds, the  
12 purpose for the funds, and the amount of the public funds  
13 within the investment portfolio. The policy shall address  
14 safety of principal, liquidity of funds, and return on  
15 investment and shall require that the investment portfolio be  
16 structured in such manner as to provide sufficient liquidity to

1 pay obligations as they come due. In addition, the investment  
2 policy shall include or address the following:

3 (1) a listing of authorized investments;

4 (2) a rule, such as the "prudent person rule",  
5 establishing the standard of care that must be maintained  
6 by the persons investing the public funds;

7 (3) investment guidelines that are appropriate to the  
8 nature of the funds, the purpose for the funds, and the  
9 amount of the public funds within the investment portfolio;

10 (4) a policy regarding diversification of the  
11 investment portfolio that is appropriate to the nature of  
12 the funds, the purpose for the funds, and the amount of the  
13 public funds within the investment portfolio;

14 (5) guidelines regarding collateral requirements, if  
15 any, for the deposit of public funds in a financial  
16 institution made pursuant to this Act, and, if applicable,  
17 guidelines for contractual arrangements for the custody  
18 and safekeeping of that collateral;

19 (6) a policy regarding the establishment of a system of  
20 internal controls and written operational procedures  
21 designed to prevent losses of funds that might arise from  
22 fraud, employee error, misrepresentation by third parties,  
23 or imprudent actions by employees of the entity;

24 (7) identification of the chief investment officer who  
25 is responsible for establishing the internal controls and  
26 written procedures for the operation of the investment

1 program;

2 (8) performance measures that are appropriate to the  
3 nature of the funds, the purpose for the funds, and the  
4 amount of the public funds within the investment portfolio;

5 (9) a policy regarding appropriate periodic review of  
6 the investment portfolio, its effectiveness in meeting the  
7 public agency's needs for safety, liquidity, rate of  
8 return, and diversification, and its general performance;

9 (10) a policy establishing at least quarterly written  
10 reports of investment activities by the public agency's  
11 chief financial officer for submission to the governing  
12 body and chief executive officer of the public agency. The  
13 reports shall include information regarding securities in  
14 the portfolio by class or type, book value, income earned,  
15 and market value as of the report date;

16 (11) a policy regarding the selection of investment  
17 advisors, money managers, and financial institutions; ~~and~~

18 (12) a policy regarding ethics and conflicts of  
19 interest; and -

20 (13) in the case of the State, a policy requiring the  
21 investment of no more than 10% of public funds that are in  
22 the State's custody with any one financial institution.

23 (b) For purposes of the State or a county, the investment  
24 policy shall be adopted by the elected treasurer and presented  
25 to the chief executive officer and the governing body. For  
26 purposes of any other public agency, the investment policy

1 shall be adopted by the governing body of the public agency.

2 (c) The investment policy shall be made available to the  
3 public at the main administrative office of the public agency.

4 (d) The written investment policy required under this  
5 Section shall be developed and implemented by January 1, 2000.

6 (Source: P.A. 90-688, eff. 7-31-98.)".